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## COMMUNITY COLLEGE UPDATE

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### 2020–21 State Education Budget Details Emerge



**BY SSC TEAM**

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After much anticipation on June 22, 2020, Governor Gavin Newsom and legislative leaders announced a budget agreement that addresses the state's multi-billion dollar deficit just days before the new fiscal year begins on July 1 (see "[By the Way . . . Governor Newsom and Legislative Leaders Reach Deal on 2020–21 State Budget](#)" in the June 2020 *Community College Update*). In a joint statement with Senate President pro Tempore Toni Atkins (D–San Diego) and Assembly Speaker Anthony Rendon (D–Lakewood), Governor Newsom intimated that the deal represents tough decisions and that more work will be necessary to keep the state's fiscal house in order.

In the coming days, the Legislature will need to approve a budget bill (Senate Bill [SB] 121/Assembly Bill [AB] 89) that represents the agreement, along with policy trailer bills that detail many of the budget provisions. Yesterday, several bills including the Education Omnibus Budget Trailer Bill (SB 98/AB 77), the Postsecondary Education Trailer Bill (SB 116/AB 94), and the Public Employment and Retirement Trailer Bill (SB 111/AB 84) were amended with budget details that are relevant to community colleges. We highlight some of the significant key features below.

#### Student Centered Funding Formula

The compromise reached by the Legislature and the Governor rejects the May Revision proposal to reduce apportionment funding in the Student Centered Funding Formula (SCFF), but does not provide the 2.31% cost-of-living adjustment. Additionally, the language in SB 116/AB 94 stipulates that for 2020–21 the SCFF maintains the 70/20/10 split between base, supplemental, and student success allocations; provides a hold harmless for the full-time equivalent student count; allows for data from 2018–19 to be used in for supplemental and student success allocations in lieu of the 2019–20 numbers; and extends the apportionment hold harmless by two years, through fiscal year 2023–24. The trailer bill language also excludes COVID-19 related expenditures from the 50% law calculations.

#### Deferrals

Instead of imposing cuts to the SCFF, lawmakers rely on community college apportionment deferrals totaling \$1.45 billion. The budget agreement requires the following schedule for deferred payments:

- \$300 million from June 2021 to July 2021
- \$300 million from May 2021 to August 2021
- \$300 million from April 2021 to September 2021
- \$300 million from March 2021 to October 2021
- \$253 million from February 2021 to November 2021

The budget agreement provides that if sufficient federal funds materialize later this summer, then \$791.1 million would not be deferred.

### **Calbright College**

One of the looming questions during budget deliberations was whether Calbright College would survive as the Legislature's version of the budget eliminated the online college and redirected its funding. However, the budget deal struck between the Administration and the Legislature does not eliminate Calbright College, but does reduce its ongoing funding by \$5 million and its one-time funding by \$40 million.

### **Categorical Programs**

The budget compromise adopts the Legislature's model of retaining categorical programs at their 2019–20 spending level, including the Strong Workforce Program (SWP) and the Student Equity and Achievement Program (SEAP). Additionally, SB 116/AB 94 adds language to the SWP encouraging colleges to focus on short-term workforce training programs to assist economic recovery and job placement. The trailer bill language also allows SEAP funds to provide support to or establish on-campus food pantries or regular food distributions.

### **COVID-19 Response Block Grant**

The agreement also includes \$120 million (\$66.3 million in Proposition 98 funding) for the California Community College COVID-19 Response Block Grant, which funds activities that support student learning and mitigate learning loss; this includes professional development, information technology, mental health services, cleaning supplies, and protective equipment.

### **CalSTRS and CalPERS**

Trailer bill language in SB 111/AB 84 details the state investment to buy down employer contribution rates for the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) in 2020–21. The bill also removes the CalSTRS Board's ability to change the rate in 2020–

21, instead keeping the 2019–20 rate in statute. A future *Community College Update* article will detail the employer contribution rates that are included in the budget agreement.

### **Classified Staff Protections**

Finally, the budget agreement forecloses the authority of community college districts to lay off classified staff who hold positions in nutrition, transportation, or custodial services from July 1, 2020, to June 30, 2021.

### **Next Steps**

The Assembly and Senate are poised to take final actions to approve the new budget bill reflecting the agreement and trailer bills by Friday, June 26, 2020, in time for Governor Newsom to act on them by Saturday, June 27—his deadline to act on the original budget bill approved by the Legislature.

**TO:** California Community Colleges

**FROM:** Lizette Navarette, Vice Chancellor, College Finance and Facilities Planning

**RE:** 2020-21 State Budget Update – Governor and Legislative Agreement

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**2020-21 State Budget Agreement:**

On June 22, Governor Newsom and Assembly and Senate leadership reached an agreement around a final 2020-21 state spending plan. The final agreement includes components of the Governor's May Revision and the legislative plan approved on June 15. An amended 2020-21 State Budget Act (SB 121/AB 89) will be presented for a vote by the full legislature by the end of the week. Governor Newsom is expected to sign the budget by the end of the month.

For California Community Colleges, the 2020-21 budget agreement prevents cuts to apportionments and categoricals. In order to accomplish this, \$1.45 billion in funding to colleges is deferred to future years. Of the \$1.45 billion total deferral, \$791 million would trigger-off if Congress approves a fourth stimulus package by October 1, 2020.

**2020-21 Highlights for California Community Colleges**

A comprehensive Joint Analysis of the 2020-21 Budget Act and its impact on California Community Colleges will be released later this month. In the meantime, a top-level summary of provisions relevant to community colleges is provided below.

**Apportionments -**

- Rejects the May Revision proposal to cut apportionment funding.
- Approves the May Revision proposal to extend minimum revenue provisions (hold harmless) under the Student Centered Funding Formula by an additional two years.

**Block Grant -**

- Includes \$120 million one-time from Proposition 98 and federal funds to support a basic needs/learning loss/COVID 19 response block grant to colleges to support expenses such as mental health services, housing and food insecurity, re- engagement for students who left college in Spring 2020, technology and development of online courses, and student supports. Federal portion of funds (\$55 million must be spend by December 31, 2020).

**Deferrals –**

- Approves a \$332 million deferral of community college apportionments from this May and June to the next fiscal year. Since these funds were already distributed, this deferral is primarily for state accounting purposes.
- Approves a \$662.1 million deferral from 2020-21 to 2021-22. Includes trailer bill language to allow hardship exemptions.

- Includes a trigger deferral of \$791.1 million Proposition 98. This deferral would be withdrawn if the state receives federal funding.

**Categoricals -**

- Protects against cuts to any categorical programs, including the Strong Workforce Program and Student Equity and Achievement, keeping the programs at 2019-20 spending levels.
- Creates a food pantry expense within the Student Equity and Achievement Program.
- Defers the Governor's Budget proposal to create the System of Support program.
- Provides \$10 million ongoing support for immigrant legal services.

**Capital Outlay -**

- Approves Proposition 51 resources to support 25 new and 15 continuing capital outlay projects. Also approves the May Revision proposal to reappropriate funds for 9 projects.

**Other Provisions -**

- Reduces funding for Calbright College by \$5 million ongoing and \$40 million one-time.
- Provide \$700,000 one-time General Fund to support a working group to review current rules governing the use of athletes' names, images and likeness per the Fair Pay to Play Act.
- Provides \$15 million one-time General Fund (through the Cal Grant program) to support emergency financial aid for undocumented students at UC, CSU and the community colleges. \$11 million of total program resources designated for community colleges.
- Prohibits community college district boards from terminating the services of any permanent or probationary classified employees of the school district or community college district that hold classifications in or are assigned to positions in nutrition, transportation, or custodial services.

**Budget and Trailer Bills:**

Bill Number	Topic
SB 121/AB 89	Amendments to 2020 Budget Act
SB 111/AB 84	CalSTRS/CalPERS
SB 116/AB 94	Higher Education
SB 108/AB 82	General Government

**Next Steps:**

The Senate and Assembly are expected to approve amendments to the Budget Act (SB 121/AB 89) later this week. The legislature will also consider and approve accompanying budget trailer bills. Once approved, bills will be presented to Governor Newsom for a signature and enactment by July 1, 2020.

For more information please visit the **Budget News** section of the Chancellor's Office website: [www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Budget-News](http://www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Budget-News), or contact me at [lnavarette@ccco.edu](mailto:lnavarette@ccco.edu).